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ENERGY AND WATER DEVELOPMENT
APPROPRIATIONS FOR 2003

Wednesday, February 27, 2002.

U.S. ARMY CORPS OF ENGINEERS

WITNESSES

HON. MIKE PARKER, ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS)
LIEUTENANT GENERAL ROBERT B. FLOWERS, CHIEF, CORPS OF ENGINEERS
MAJOR GENERAL ROBERT H. GRIFFIN, DEPUTY COMMANDING GENERAL FOR CIVIL
WORKS
ROB VINING, CHIEF, PROGRAM MANAGEMENT DIVISION, DIRECTORATE OF CIVIL
WORKS
BRIGADIER GENERAL EDWIN J. ARNOLD, JR.
CECIL BRYANT, MISSISSIPPI VALLEY DIVISION
BRIGADIER GENERAL STEVEN R. HAWKINS
GERALD W. BARNES, GREAT LAKES AND OHIO RIVER DIVISION
BRIGADIER GENERAL M. STEPHEN RHOADES
THOMAS WATERS, NORTH ATLANTIC DIVISION
BRIGADIER GENERAL PETER MADSEN
TONY LEKETA, SOUTH ATLANTIC DIVISION
BRIGADIER GENERAL RONALD L. JOHNSON
DAVID A. LAU, PACIFIC OCEAN DIVISION
BRIGADIER GENERAL DAVID F. MELCHER
WILLIAM DAWSON, SOUTHWESTERN DIVISION
BRIGADIER GENERAL DAVID A. FASTABEND
MICHAEL WHITE, NORTHWESTERN DIVISION
BRIGADIER GENERAL LARRY DAVIS
STEVE STOCKTON, SOUTH PACIFIC DIVISION

Mr. Callahan. Welcome. Mr. Visclosky will have a motion for the committee to consider, but we cannot do that until we have a quorum. So we will just go ahead.

Good morning, gentlemen. Welcome.

This morning we are pleased to have before us, for our first hearing of the year, the Honorable Mike Parker, our former colleague and now the Assistant Secretary of the Army for Civil Works; Lieutenant General Robert Flowers, the Chief of Engineers; Major General Robert Griffin, the Director of Civil Works, and Mr. Rob Vining, Chief of the Program Management Division.

And we would also like to welcome all of you Division Commanders this morning to see democracy in process, and to try to grasp a better understanding of some of the problems we go through in this process to make certain that you all have the resources you need to perform your duties.

This will be Secretary Parker's first appearance before our panel, but he is not stranger to the work we do, because he served on this very Committee during his years of service in the Congress. And Mr. Secretary, we look very much forward to working with you over the next several years on the important water resource issues facing the Nation.

Secretary Parker and General Flowers, the President's budget request for the Corps once again presents us with a great challenge. The amount requested is over \$450 million or about 10 percent below the amount we appropriated last year.

We had hoped that over the last year our friends at the Office of Management and Budget would have come to better appreciate the value of the Corps Civil Works program to the Nation. Unfortunately, that does not seem to be the case. Mr. Visclosky and I did meet with Director Daniels to discuss the Corps' budget, and I understand that many of you did too, and we are appreciative of your efforts in that respect, to make certain that they understood your mission.

Even though we were not successful this year, I remain confident we will be able to convince the administration that these inadequate budget requests for the Corps are really a disservice to the Nation.

We will place all of your written statements in the record, and you may summarize them as you wish.

I would like to remind my colleagues that we will try to adhere to the 5-minute rule when we get to questions. And before I recognize Secretary Parker, I would like to recognize Congressman Visclosky for any opening remarks he would like to make.

Mr. Visclosky. Thank you, Mr. Chairman.

I would also want to join you in congratulating Secretary Parker. Mr. Secretary, I look forward to working with you, and gentlemen, I appreciate your duties and responsibilities and what you have done for this country and appreciate you being here as well.

Thank you, Mr. Chairman.

Mr. Callahan. Thank you. Mr. Secretary, good morning.

Mr. Parker. Good morning. First of all, let me say that it is a joy and a pleasure to come before my old committee and be able to visit with you and talk about the Corps and the future of the Corps. Due to time constraints, which you have expressed to me, I would ask that my written statement be submitted for the record, and that so we can----

Mr. Callahan. For the record, all of your written statements will be printed in their entirety in the record.

Mr. Parker. I am very glad to be here with General Griffin and Rob Vining, and especially the 50th Chief of Engineers of the Corps, General Flowers. One of the great things about being in this position is that I did not have to create a relationship with General Flowers because he was down in Vicksburg when I was sitting on the Committee, and we developed a relationship then, so it helped to be able to move in to this position in October, and pretty much hit the ground running, and that has been very, very helpful.

Let me first say that OMB has had a tough job when you look at the change that we have had since September the 11th. We have had a situation where the world has changed. We are moving

into deficit spending now with the President's primary priorities being homeland security and national defense, and underpinning that, the economy. There have been some tough choices made.

And we have had long discussions with OMB on many different parts of the budget, and I know full well that this process is just beginning. I look forward to working with all of you for us to come to a bill that is workable for this country, that achieves what needs to be achieved for this country, that will be a joint bill that will be supported by the President and by Congress, and that will meet the needs that we know that the American people have. So I look forward to your questions.

[The prepared statement of Mr. Parker follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Callahan. Thank you, Mr. Secretary.

General Flowers.

General Flowers. Mr. Chairman, members of the Subcommittee.

I would just like to emphasize something that I get questioned about quite frequently, and that is, why is the Corps of Engineers in the Army, and what value is it to the Nation? And I would like to just cite the response to 9/11 as a great example of why it is important.

Literally within an hour of the attacks, we had Corps employees and soldiers at both sites: the World Trade Center and the Pentagon. And at the World Trade Center, we helped with the evacuation of lower Manhattan, using some of our floating plants. We provided emergency dredging so that dredges could get in, barges could get in close to the site to help with debris removal. We supported the urban search and rescue teams with structural specialists. We were able to provide expertise in debris removal to facilitate the site cleanup, and we were able to help on Staten Island with the forensics of the material removed from the site, and we are still working there with the City of New York.

And I think most significantly at the Pentagon, the area of the Pentagon that was hit by the aircraft was fortunately the portion of the Pentagon that had just been renovated, and it was a Corps of Engineer design brought about by our expertise in experimentation and force protection and anti-terrorism protection that put steel in that portion of the Pentagon, some fabric in the walls and blast-proof windows, that we think saved a number of lives, and was reported on ``60 Minutes.''

And so felt very proud of the response that the organization had to the attacks on the country, and we are continuing today with protecting infrastructure and serving, and I look forward to your questions as well.

[The prepared statement of General Flowers follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Callahan. Thank you.

Any other panelist wish to make an opening statement? Mr. Vining, do you have an opening statement?

Mr. Vining. No.

Mr. Callahan. Well, let me just say to you that this has been a long year. And not only have we experienced 9/11 and the problems that incurred as a result of that tragedy, we have had an opportunity to work with the Corps during the past year to understand your direction and your mission and your needs. During this period of time both Congressman Visclosky and I have gone to Mitch Daniels at OMB and the White House. We have met with him, tried to explain your mission to them. I understand also, Mr. Secretary, that you as well as the Secretary of the Army have also visited OMB, trying to outline your need.

The administration on the one hand gives every indication that you are a very vital part of our homeland security, as well as our national defense and our activities overseas. You are much like the National Guard.

We had the opportunity one night, when I chaired Foreign Operations, to be in a meeting with then President Clinton and the Chairmen of the Joint Chiefs of Staff when we were first talking about going into Bosnia. And they needed 5,000 men, and we had just experienced the Gulf War and I had experienced going to the airports and to the armories to see our troops off and seeing the crying mothers and wives and children as their father left to defend the Nation.

Add I told the President that night, I said, ``I assume, since you only need 5,000 men, that you will not have to call up the National Guard and I won't have to go through that again.'' ``No,'' he said, ``quite the contrary. The 2,500 or the 5,000 will have to be reservists.''

Yet when the Pentagon presents their budget, and when OMB finishes writing it, they seem to forget that we need a National Guard. We cannot operate without a National Guard, and we cannot effectively operate without the Corps of Engineers. I mean that is the real world.

However, and I think the deficiency lies in the bowels of OMB, I do think that the Pentagon and certainly not your office, Mr. Secretary, or your office, General, but the Pentagon is letting you down as well, because they are not standing up for you. The President requested a \$40 billion increase for our national defense. It would have been very simple for the President to say \$41 billion, or \$40 billion and 500 million, to make certain that our homeland security is handled, or you have the resources to handle it in a way that you responded in New York.

Many of us had the opportunity to go to New York and to see your crew in action and to appreciate what you were doing there. And thank goodness we had a capability of going in and dredging that channel next to the World Trade Center so we could begin the debris removal that you all so effectively did.

So I don't know where the problem is, and I don't quite understand how OMB operates. It is a strange organization, rather clandestine in the way they operate, and they never give you any real justification.

But our mission, as far as this subcommittee is concerned, is to make certain that you are adequately funded with the

resources you will need to perform your assigned obligations to the country and to the Department of Army and to the citizens, for the fiscal year 2003. That is going to be our responsibility. The President has in a sense said he needs about \$2.3 trillion to operate the Federal Government next year. He needs that for Social Security. He needs it for including the \$40 billion extra for national defense. We are not going to violate the President's level of funding. We are not going to create a larger deficit by giving you more resources. Indeed, we are going to take it from other areas of Government and reshuffle some of the figures that no doubt will be coming down, but stay within the boundaries of what the President has requested. We are not going to create a larger deficit by funding you adequately. We are going to fund you adequately and cut some programs somewhere else in Government that we feel might be over funded in some way.

So we are going to do that. I think the committee will echo what I am telling you. I think that we will, as this committee has always done, make certain that you have the resources that are necessary to give you the professional tools that you need to do your job. But in this situation, and with this new emphasis on homeland security, I am just shocked and amazed that OMB completely ignores the request of professionals such as you, completely ignores my request when I am a supporter of this administration. You know, I respond to the President's requests every time he calls on us for anything of importance to him. I am not getting anything personally out of getting you additional money for the Corps of Engineers. It is an understanding that obviously OMB does not have. I do not think George W. Bush knows this is even going on. I do not think that if George Bush had anything to do with the innards of the budget request for the Corps, that he would tolerate it. I think it is entirely within the bowels of OMB. And how we correct that, I do not know.

But this year you all have done your job, contrary to last year when you came before this committee and you just echoed what the administration had requested, and said you are good soldiers. And we charged you to go back to your districts, to contact your members of Congress, and you all have done that. You have had dialogue with them. You have explained your mission to them. You have explained the projects in their respective districts. And you also have requested OMB to recognize your importance, especially when they are making the statement saying that you are important. We need you. We have to have you in homeland security now. There is such an emphasis there, that we need you even more than we ever had. And at the same time we allow these bureaucratic imbeciles at OMB to come in and say, ``Well, we don't need to fund them because I don't like them.''

Somehow that has to stop. And the only way I think we are ever going to get any help is to get the Pentagon, outside the Army, to get Secretary Rumsfeld, and everyone over there to fight your battle as well in advance. So I am optimistic that we will find, by reshuffling other priorities that the President has requested, that we will be able to find the necessary monies to give you the resources you need to perform your duties during the fiscal year 2003.

Mr. Visclosky.

Mr. Visclosky. Mr. Chairman, because the Subcommittee on Energy and Water Development will be dealing with national security and other sensitive matters at its hearing on atomic energy defense activities, I move that the hearing on March 7, 2002 be held in Executive Session.

Mr. Callahan. The clerk will call the roll.

The Clerk. Mr. Callahan.

Mr. Callahan. Yes.

The Clerk. Mr. Rogers.

[No response.]

The Clerk. Mr. Frelinghuysen.

Mr. Frelinghuysen. Yes.

The Clerk. Mr. Latham.

[No response.]

The Clerk. Mr. Wicker.

Mr. Wicker. Aye.

The Clerk. Mr. Wamp.

[No response.]

The Clerk. Mrs. Emerson.

Mrs. Emerson. Yes.

The Clerk. Mr. Doolittle.

[No response.]

The Clerk. Mr. Young.

[No response.]

The Clerk. Mr. Visclosky.

Mr. Visclosky. Aye.

The Clerk. Mr. Edwards.

Mr. Edwards. Aye.

The Clerk. Mr. Pastor.

Mr. Pastor. Aye.

The Clerk. Mr. Clyburn.

[No response.]

The Clerk. Mrs. Roybal-Allard.

Ms. Roybal-Allard. Aye.

The Clerk. Mr. Obey.

[No response.]

Mr. Callahan. Motion passed.

Mr. Visclosky, opening remarks?

Mr. Visclosky. Thank you very much. I find it interesting that the Office of Management and Budget, apparently for the first time, rated the performance of each agency in its budget submission. I appreciate the Chairman's critique on the performance of OMB relative to the Corps' budget this year. Relative to your budget, I would certainly echo the chairman's remarks, and I do think our colleagues, in a bipartisan fashion, share that concern.

The Chairman mentioned his concern about national security. I also serve on the Defense Subcommittee of this full Committee, and share his very serious concern in that regard.

I also have a concern about the personal security of our citizens, because I realize that people die in natural catastrophes. They die in floods. Property is damaged and they are harmed, and their families are harmed. And that the job of the Corps of Engineers is very important as far as the individual and personal security of the citizens of this country. And I also do not believe that we can have a secure

society, that we can have successful political institutions, if people do not have a hope in their economic future, and if we do not foster that hope by making an investment in our economic infrastructure. And again, I understand the gentlemen at the table support that proposition as well.

So, obviously, I too am very concerned about the submission, and would note that your O&M backlog, for fiscal year 2001, was at \$415 million. For the current fiscal year it is at \$702 million. And prospectively, if the shadows of the future remain unaltered for next fiscal year it will be \$884 million. The construction backlog, during the current fiscal year is estimated to be \$38 billion. Next year, again if changes are not made, it is estimated to be \$44 billion.

I do appreciate the fact that 30 projects are funded for completion this year. I also appreciate the fact that 54 projects are funded to optimum level, and would acknowledge that, as well as the fact that the largest projects in your budget are also funded near optimum level. But I would note that 140 projects are funded below optimum level. And if the budget is not changed, approximately 200 contracts that are in place will have to be cancelled at some point in time.

So certainly I would assure the Chairman of my commitment to work with him and everyone on the subcommittee as well as the department, to do our very best to make sure that the resources necessary are there.

At this point, Mr. Chairman, I would yield my time.

Mr. Callahan. Thank you. Contrary to our normal procedure, only one member of this subcommittee was to bring me a gift this morning. And that happens to be Mrs. Emerson. So, the Chairman, with your understanding, will recognize her first.

Mrs. Emerson.

Mrs. Emerson. Oh my goodness. Thank you, Mr. Chairman. I wasn't ready.

Mr. Callahan. She brought me a cigar. That was what did it. [Laughter.]

Mrs. Emerson. Oh my gosh. Mr. Secretary, Generals, good to see you all.

I think my first question will go to you, Mr. Secretary. Can you just give us some idea, I mean we've talked about numbers, but kind of in a jobs-related way, can you talk to us a little bit about how many jobs are directly and indirectly dependent on the Corps' Civil Works program?

Mr. Parker. First of all, I want to know where my gift is. [Laughter.]

Mrs. Emerson. Yours is coming.

Mr. Wicker. This is on the record.

Mr. Callahan. I was afraid of this.

Mr. Visclosky. Mr. Chairman, could we go into Executive Session now? [Laughter.]

Mr. Parker. From a jobs standpoint, let me try to do it in a macro sense. All economists pretty much agree that over the next 20 years trade will either have to double trade or we cannot maintain the standard of living in this country, cannot have it increase. In order to double that trade, since 98 percent of all trade goes over navigable waterways, then you have to have the structures in place in order to move that trade. In a real sense, because of different things that have

happened over the last 30 years, different priorities of the government, we have not invested in infrastructure as we should have, and our infrastructure at this point in time cannot handle a doubling of trade.

And these are projects that cannot be built overnight. It takes a long time, and one of the reasons it takes so long is because the studies that we require, that Congress has required come on the environmental side, the economic side, and you just cannot build these structures quickly. So it is imperative for this country to make a decision to put the money in place to make these projects work, put them in place for these future generations.

And when it comes down to actual jobs and the number of jobs that are created, it is stated basically that for every billion dollars that is invested, you get around 40,000 jobs. Now, it is interesting, whenever you look at our economy as a whole, over one-third of our trade is going out of the West Coast now, and when you look at the impact that it has, California did a study that for every dollar that was invested the return was--Rob, what was that, \$161?

Mr. Vining. Yes, sir.

Mr. Parker. \$161 return. That is a phenomenal return on investment when it comes to jobs and trade, because these things have a tremendous multiplying effect, and California now would be rated as the fifth largest country. If it were listed as a country, it would be the fifth largest country in the world, and a lot of that is because of the trade side. And it all depends on projects that are the responsibility of the Corps of Engineers.

Mrs. Emerson. Well, do I still have time for a follow-up question, Mr. Chairman?

Mr. Callahan. Yes.

Mrs. Emerson. Speaking of that, as you well know, the Mississippi Valley has some of the most productive agricultural land in the world, but it really is dependent on the Mississippi River and Tributaries project to help make it so. Can you describe specifically for that project, the impacts in terms of project progress, delay costs and jobs, resulting from the low level of funding that was recommended, what the impact would be?

Mr. Parker. Let me refer that to General Flowers.

Mrs. Emerson. Okay. General.

General Flowers. Ma'am, having served there, I have some working knowledge of the Lower Miss. What tends to happen if we underfund a project like the MR&T, is that we defer providing protection to the people that we have committed to. In other words, it takes longer to complete the construction of the levees, so there is greater risk for a longer period of time. We are not able to work efficiently on the projects, so it ends up costing us more to complete the projects, the various elements of the MR&T project. And I think it stretches out the overall length of time it will take you to provide the level of protection that was legislated for the valley.

Mrs. Emerson. So do you have any sense of why OMB would recommend such an underfunding of this project since lives are at stake here?

General Flowers. No. I know there are some tough calls to

be made in wrestling with operating in a deficit environment. And I think our job is to articulate what the consequences are, but the decision that has to be made is a political one. I can tell you that my experience and what we have been able to apply would tell us that investments in infrastructure and investments in providing protection to people are sound investments, and I would leave it at that.

Mrs. Emerson. Do you know how much of the \$139 million in the fiscal year 2002 supplemental appropriations bill for anti-terrorism force protection is included for protection of MR&T infrastructure?

General Flowers. About 1 million of that is in the MR&T structure. We have done an assessment, or are in the process of doing an assessment of all of our infrastructure nationwide. That will be completed in April. But the 139 million that was placed in this fiscal year, was essentially in there as a page holder based on a very rough estimate of what it would take to provide some protection for infrastructure.

Mrs. Emerson. So do you suspect that you are going to have to----

Mr. Callahan. If the gentlelady has any further questions, she is going to have to go get another cigar. [Laughter.]

Mrs. Emerson. Mr. Chairman, I want to thank you so much for letting me go first. I will go back to my office and be back in a little while. Thank you very much.

Mr. Callahan. Mr. Edwards.

Mr. Edwards. Thank you, Mr. Chairman.

Secretary Parker, welcome back to this room where you have good friends on both sides of the aisle. It is good to see you. I am thrilled that the President made this appointment for you.

And thank you all for your service to our country and these important programs and projects.

I would normally not start out with Texas-related questions because I like to start out with some of the big picture national issues, but I think the Chairman and ranking member, as well as you, Mr. Secretary, have pointed out the difficulties in this proposed budget. So I will go to Texas to show some concrete examples of the real-world consequences of this budget, were it to be the final step, and not as you said, Mr. Secretary, the first step.

And just to begin with, our state, as you know, was hit with a devastating hurricane last year, Hurricane Allison, that caused, at last count, somewhere in the vicinity of \$5 billion in damage. Several major hospitals in Houston had to be shut down. Generations of medical research was lost that cannot be replaced for any amount of money. So I am not sure that the \$5 billion figure is not conservative.

Had it not been for Army Corps projects, it could have been a \$10 billion or a \$15 billion hurricane. Who knows? But this budget, in my opinion, inadequately funds a proven need. And what proof do we need more than a \$5 billion hurricane and then a flooding consequence to that, to show a need for investment.

The Port of Houston, according to my numbers, the Port of Houston the first--and, Mr. Secretary, thank you for your comments about trade. I hope the American people will hear them in the months ahead. The Port of Houston is first in foreign tonnage, second in overall tonnage, the eighth largest port in

the world. And yet, instead of a \$67 million funding level, which would be an efficient level of funding that would best use the taxpayers' money with the least amount of waste, the budget request came in at \$19 million. And I happen to know that was not the original request of the Corps. This is another example of setting back, slowing down and causing greater expense for a major project at a terribly important port for our country and its trade policy.

For operation and maintenance in Texas, there is a \$120 million backlog. I am told \$20 million of that is critical.

The Dallas Floodway is an effort to see that we don't have a \$5 billion flood in Dallas. This committee was very clear in the last Congress to move ahead with that, and I will ask a question about that in a minute.

But my point is, and I know every member of this committee can talk in specifics about his or her respective state, what the impact of this is, and I hope, again, we will use this together on a bipartisan basis to get this budget back up to an adequate level.

Mr. Secretary, if I could, I would ask you or any of your designees to specifically address the Dallas Floodway Extension Project, and I will defer some of the other specific questions if I run out of time to written questions. But the Dallas Floodway Extension Project, in particular. It has a signed PCA, the support of a local participants, local bond package passed several years ago, a positive benefit cost ratio, and the support of Congress. This committee's conference last year did direct the Corps to proceed with the project including the work on the Cadillac Heights feature.

Is this, maybe in a general sense, is this project moving ahead? If not, could you help us explain why? And perhaps as a follow-up, if you could, I would like to know why this was not included in the President's budget request for 2003, and are there any decision documents currently being delayed by the administration regarding this project and why? The general question is what is the administration's position on this project?

Mr. Parker. Well, OMB's position was they didn't want the project, and they turned around, and they basically turned the project down, and instructed us not to do anything. We stood by the project. And because of your intervention, Congressman Callahan's intervention, Senator Kay Bailey Hutchinson, and other people from Texas, we stood by that project.

Mr. Edwards. Thank you for that.

Mr. Parker. And we made sure, because it is a very good project. We also--if my memory serves me right, I think it was in report language, and they were going to have to--the recommendation, you have got to go back and get it into--it has already been done, but they were going to have to go back each year and put it into the bill, into the bill language itself.

And so we have informed everybody of how it has to be done in order to make it work, but the project is ongoing, it is proceeding. And first contract has been awarded the 12th of February, the first contract was awarded, so it is moving forward.

Now, as far as your question on the port, I think it is very important that people understand what trade means overall,

and Houston is a primary port in this country. In 1959 8 percent of our gross domestic product came from trade. Now it is 27 percent. So you can see the increase and the importance of trade over a period of time.

And 20 percent of the jobs in this country are directly related to trade. So I think that everybody has to have an overview of how this whole thing fits in, and when you talk about the Port in Houston, it plays a vital role in the economic stability and the growth of this country. And the President understands that. He just came back from a trip on the Mississippi, and went down to New Orleans, to the Port of New Orleans. He understands that.

General Flowers. I think there is also, sir, if I might, a military significance to our ports as well. There are 13 military strategic ports that are a part of our Civil Works Deep Draft Navigation Projects that we maintain each year so that the country has the capability if we need to, to deploy strategically through our ports.

Mr. Edwards. If I could finalize then, Mr. Chairman, by saying thank you, Mr. Secretary, for your leadership, and as the Chairman said, not always just going along to get along, standing up for what you think is right. That does not surprise any of us that have known you, and we appreciate and respect that approach to leadership.

If I could submit for the record, Mr. Chairman, a letter from the Port of Houston Authority about the impact of this lower budget level, I would appreciate that.

[The information follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Mr. Edwards. And finally, if I don't have a chance to get an oral answer later on, if you could submit it in writing, I would like to see some sort of report to the Committee or the Chairman, and Ranking Member, of what the consequences, either in lives lost or in financial impact, if we don't have enough funding for security protection at all of the port facilities, the water supply facilities, flood control facilities, Inland Waterways--all the projects that could be at risk to terrorism if we don't get adequate funding somewhere inside or outside the Corps budget. What are the consequences financially and otherwise? I would appreciate that very much.

[The information follows:]

As directed by the report of the Committee of Conference accompanying the Energy and Water Development Appropriations Act, 2002, the Secretary of the Army will submit to the Appropriations Committees of the Congress a report that specifically identifies in detail all known physical security requirements that have surfaced since the terrorist attacks. This report is in preparation and will be submitted after clearance by the Office of Management and Budget. Due to the sensitive nature of information on the consequences of terrorist attacks, we will meet with you personally to discuss the details after the release of the report.

Mr. Parker. Could I also respond to the statement you have talked about as far as the medical center? We have met with them. We are working with them now, along with the water district down there. We already have one project working with them now and are trying to combine some things with them to prevent that, and it is a major problem. It can happen again. And we have got a tremendous amount of support down there from the Texas delegation, from all the business leaders. This is a totally bipartisan thing, because you are talking about a very dangerous situation with lives being at risk, and property, and it is a major problem, and I have met with them personally. They have been up here. And we are working with them to try to resolve that situation.

Mr. Edwards. Thank you, Mr. Secretary. Thank you, Mr. Chairman.

Mr. Callahan. Mr. Rogers.

Mr. Rogers. Thank you, Mr. Chairman.

Mr. Secretary, it is a delight to see you in the position you are in, a former colleague of ours in this body, and we are thrilled that you are in that position, and wish you all the best.

And it is good to see the other witnesses here, General Griffin, my old divisional buddy, and General Flowers, and the rest of you.

Mr. Secretary, what was your total request to OMB?

Mr. Parker. I cannot answer that question. I am kidding. I wanted to say that and then pause, but decided I had better not do that. I didn't want you to come across the desk. [Laughter.]

What I did, I came in kind of late in the process, so when I got confirmed in September, and then I was sworn in in October, a lot of things had already occurred on the 2003 budget. And so this work had been, was being done. And what I did was--and some of the things I did not agree with--so what I did was, I went to the Corps, and I said, ``Tell me how can we most efficiently, what is the most we can use as far as taking money and efficiently use that money and put it to work in a utopia? Disregarding 9/11 and disregarding the economy, what is the most that we could do?''

They came back to me and said around \$6.4 billion. Now, that number is flexible. It could be \$6.5, it could be \$6.3, but that is a movable number. But that was the best estimate we could come to.

We went to OMB with that number, and asked, you know with the \$6.4 number, \$6 billion and \$400 million, and at that point then we started discussing the different items. I guess I have to accept some responsibility for the number coming out from OMB lower than I would have liked it, simply from the standpoint that maybe my arguments were not as good as they should have been.

Mr. Rogers. Welcome to the crowd.

Mr. Parker. But the fact of the matter is that when we presented the budget to OMB, we presented it from the standpoint of the maximum use of dollars that we could utilize to get rid of the backlog and everything else.

Mr. Rogers. Well, how much did they cut from your request?

Mr. Parker. Well, if you look at \$6.4 billion, and you come

down to \$4.3 billion, you are looking at \$2.1 billion. However, the \$4.3 billion is somewhat misleading, because whenever you remove the retirement amount, the cost for the retirees, which is about \$115 million, and you remove the \$65 million for security, and then some other incidentals, you come back, you are getting close to the \$4 billion again.

Mr. Rogers. Well, the OMB request to the committee is \$4.026 billion, which is \$460 million below last year's level, 10 percent roughly below current levels. And your request, of course, is well above last year's level. So they really whacked you, didn't they?

Now, they did that, I think, by saying, ``We are not going to have any new starts.'' Right?

Mr. Parker. Well, there is one new start. There is one new start on the West Coast.

Mr. Rogers. Who suggested that?

Mr. Parker. Well, I mean, it was in our request, but it----

Mr. Rogers. Is that OMB? OMB wanted to earmark some money?

Mr. Parker. Yes.

Mr. Rogers. I am absolutely shocked. They have been lambasting Congressmen up here for wanting money to do projects to save lives in our districts, and you mean to tell me that they have an earmark that they want to do? Why, Mr. Chairman, I am shocked.

Mr. Callahan. I am afraid there is more than one.

I also understand, Mr. Rogers, that a democratic Senator made a request of OMB to increase a project request, to earmark additional money for his State, and OMB granted this. Is that also correct, Mr. Secretary?

Mr. Parker. Yes, sir.

Mr. Callahan. And what other earmarks are there?

Mr. Parker. I will refer that to the General.

General Flowers. I am looking for the cigar. [Laughter.]

Sir, I am not aware of any other ones. There may be.

Mr. Callahan. Would you consider the Everglades, for example, an earmark, I mean the restoration of the Everglades. Is that--would you consider that an earmark?

General Flowers. I know it is one of the five largest projects that got near optimum funding.

Mr. Callahan. In the request?

General Flowers. Yes, sir.

Mr. Rogers. We all have to understand now that what OMB is requesting may not wind up being what we do. I know that is shocking. And it is particularly shocking to the kids down there at the OMB.

Mr. Chairman, I just wonder why we don't have OMB up here to testify. I mean these people have made a legitimate request of the kids down there at the OMB. I don't know why we don't have the kids up here to answer questions, because they are really the ones that are hiding behind these folks here.

Mr. Callahan. Well, it seems to me if you all want to have a hearing and bring OMB up here, I don't think they would cherish the thought of coming, but nevertheless, it suits me.

But I think the point, if I might, that Mr. Rogers is making, is that the administration, through OMB, has chastised us because we did new starts out of respect for requests from our own members of the House and Senate. First of all, we

didn't put any new starts in our bill last year when it left the House, but when it got to the Senate, they loaded it down. And so we didn't hear any hew and cry from OMB or from the administration or anyone else, saying, ``Don't take the Senate's marks.'' They couldn't say that. So we demanded that if the Senate was going to earmark some projects, that we were going to take half of that money and earmark it for our member request.

So we, last year, responded to the suggestion of the President or OMB not to earmark. But now they have come back emphatically and said, ``The thing that is wrong with America is that the Congress is earmarking water projects, and we don't want that to happen any more. However, we have got some pet projects of our own. We want you to earmark them for us.''

Well, they are going to have a rude awakening with that strategy. We are not going to respond to that. They can't come up and tell us not to do something, and at the same time request us to do something for them. So that has got to change. And I know that that has nothing to do with your input into this, but it is just a criticism of OMB, for the audacity that they have, to criticize us to demand that we do not earmark, and at the same time come in, and there are probably five different earmarks in this bill of projects they want. So that is something that we are going to have to address.

Mr. Rogers. Mr. Chairman, I am going to send the kids down there at the OMB a book to read. It is called ``How to Win Friends and Influence People.''

Mr. Callahan. All right. In the meantime we had better get down to this other end of the table.

Mr. Rogers. Let me just quickly, if I can quickly, tie this together, Mr. Chairman.

Mr. Callahan. Yes, sir.

Mr. Rogers. Now in the budget request, they also are terminating many ongoing projects, are they not?

Mr. Parker. Yes.

Mr. Rogers. Now, what does--are there costs associated with ongoing projects and terminating those contracts?

Mr. Parker. The costs on terminating those projects would be roughly \$190 million, \$194 million or something like that. Now that is an estimate.

Mr. Rogers. Well, you can almost finish the projects for that, can't you?

Mr. Parker. It is a large amount of money.

Mr. Rogers. If you spent that \$194 million terminating projects, we could finish a good portion of the ones they want to terminate, could we not?

Mr. Parker. I think the total amount on the--Rob, what is the total amount on all the projects they are talking about terminating?

General Flowers. I think the figure was \$384 million to keep all of the projects on schedule.

Mr. Rogers. So roughly half that amount it would cost to stop them, to terminate them in their tracks.

General Flowers. Yes, sir.

Mr. Rogers. But what about the cost sharing agreements you have with communities and states and cities and towns and people? Many of these are flood projects, I would assume?

General Flowers. They are, sir.

Mr. Rogers. On which people's lives depend; is that not correct?

General Flowers. Right.

Mr. Rogers. And these are the projects that the kids at the OMB say, ``No, you can't, and we're going to shut them down even though we could finish them for a little more than twice what it would cost to shut them down.'' Am I getting this straight?

General Flowers. Yes, sir, you are.

Mr. Rogers. Thank you, Mr. Chairman.

Mr. Callahan. I would give Chairman Rogers some advice. If OMB hears all these remarks you are making, they are probably going to try to reduce some of your appropriations in transportation as well.

Mr. Rogers. Make my day.

Mr. Callahan. Mr. Pastor.

Mr. Pastor. Thank you, Mr. Chairman.

Let me support Chairman Rogers. I have never had the opportunity to meet Mitch Daniels or the kids, and I hear so much about him. I would be happy to meet him, get to know who he is.

Mr. Rogers. I expect you will.

Mr. Pastor. Mr. Secretary, first of all, congratulations, and welcome again. You have served on this committee for a number of years, and I am very happy that you decided to serve your country in this capacity. Welcome back to Energy and Water, and we are here to assist.

And I will follow the Chairman's direction and the ranking member's direction and leadership to see what we can do to make this a fair budget, since we know that you have been very active, or the Corps has been very active in defense and homeland security, and helping save lives.

I have to tell you--and I want to tell you, General, that at least on my part, I want to show my appreciation publicly to the men and women of the Corps. I had the opportunity to go to New York, and it was because the Corps was there very early and stayed late, that many of the goals and tasks that we had in New York were accomplished. And so I want to thank you and the men and women of the Corps, because without their involvement and participation it would have been very difficult to deal with that tragedy up there. So, I want to thank you.

Mr. Secretary, I have been sending some letters to you and talking to your staff, and I want to thank you for the response that you have given me. And lately in Arizona and some of the Western states, there has been some concern over the final nationwide permit, the regulation that was issued on January 15th. And those regulations specifically exclude ephemeral waters from the definition of loss of waters of the United States. And as you know, in the Southwest and Southern California, these types of waters are prevalent, but they are very small, they are not connected to other surface water, and they very rarely carry water. And there is still great concern when--and I learned a new word, ``errata notice.'' I didn't know what the hell it was, but the errata notice, when that was published, it was great concern. And I guess the final register was published on February 13th, and it eliminated the exclusion

of ephemeral waters from that definition.

The people who are calling me tell me that it was to them, the way they see it, a policy change. They thought the Corps was going in one direction and they were working with the Corps, and then there was a policy change that it was done on a correction rather than a procedure that they would like to participate in. And so I am asking the question because I am asking it for them. What happened in the process that it was a correction, rather the process that would allow them more input?

Mr. Parker. I am glad you asked the question, because we are explaining that a lot. In reissuing the nationwide permits, which we were required to do--we have to go through this process--out of the hundreds and hundreds of pages that make up the nationwide permitting process and the permits themselves, there were two sentences that were very poorly written. Those two sentences, you could read it, and people read it and got what they wanted to out of it. They read it the way they wanted to.

We had made the decision--the policy decision--that we would address ephemeral waters under Swancc, and we have discussions going on now between EPA, between the Corps, between CEQ, between Department of Justice, talking about the Swancc ruling and how to come to a definition of Swancc. And we were going to address ephemeral waters there. Because these two sentences, and they were two separate sentences in two different places, because of the wording and because of the different interpretations of these two sentences, we felt that we had to go back in and correct that with the errata sheet. And this errata notice that we had to put out said these are two things that we have to correct, and we are correcting it to the status quo. Ephemeral waters, we are going to address that under Swancc. But we are going to correct it so the status quo is there.

Since it had significant impact, it required us to have public comment on that errata sheet, for which I think the timing is either 60 or 90 days, on the errata sheet, on the change itself.

But we are going to address the ephemeral water question because of the Swancc ruling, and negotiations are occurring now inter-agency on the Swancc ruling itself. So that's basically the gist of where we are.

Mr. Pastor. The question that I am asked, and I don't have the answer, is that they tell me that there is an Administrative Procedures Act that is in place and deals with rule making, and the people who are affected by the errata notice changes feel that you did not comply with that act. And so I bring it up with you. Maybe you may want to respond to that, because I have to respond to it, and I don't want to give misinformation.

Mr. Parker. Well, first of all, my legal counsel says it does comply, and we are following the letter of the law to get this thing where it needs to be. But for Swancc, the interagency agreement eventually will be reached on Swancc. And at that point, then, the ephemeral waters issue will be addressed.

Mr. Pastor. And this is only because I don't know, and I am

sure somebody is going to ask me, and again, I don't want to provide misinformation. Well, let me ask this question. If people want to give you their comments during this period, I am assuming that they will be allowed to do it?

Mr. Parker. Of course, and it is on our website also. I mean everything is listed as part of the process.

Mr. Pastor. But since you are doing an intergovernmental-agreement with EPA and other agencies, is it worth the effort? Let me ask that question.

Mr. Parker. Well, I think from a legal standpoint you have to follow through this process. The Swancc discussion, we are doing that because of the court ruling. It is an interesting thing to me that EPA looked at the Swancc ruling and made a determination that it actually expanded the jurisdiction over ephemeral waters, which I thought was just an odd reading of the ruling itself.

Mr. Pastor. Yes, because expansion may adversely affect us, and so we are concerned.

Mr. Parker. Well, EPA read that, in my discussion with some of the people from EPA they thought--but they think everything expands their jurisdiction.

Mr. Pastor. Once you have an agreement with the Federal agencies, EPA and the other agencies that are involved, will there be another rule proposed, where people can comment? What will be the process, so I can advise?

Mr. Parker. Legal counsel says ultimately that will occur, but the reason that we are going through this process right now is to make sure we get guidance to the districts on how they need to look at it. EPA has got to give guidance to their regions on how they should view it, so that is the reason it is inter-agency.

Mr. Pastor. Yes, because I can tell you that I know that in one particular region that affects the West Coast, there was some discussion how it was going to be applied, how it was not going to be applied, and a concern. They would rather have the national policy rather than have the different districts come out with policies that may be supportive of each other or may be different from each other. So I thank you for the process that would give us a national policy, because we think that it is better that it be determined on a national basis. And I will tell my constituents who are concerned about this, that they continue to comment on the rule making process, and look forward to other determinations of which they can participate.

Mr. Parker. In the interagency discussions, the ultimate goal is to get a policy that is nationwide and that all the agencies agree with that policy and they interpret the policy exactly the same way, so that the American public can know what they are dealing with wherever they are in this country.

Mr. Pastor. And I thank you and again, I congratulate you and look forward to working with you.

Mr. Parker. Thank you.

Mr. Callahan. Mr. Frelinghuysen.

Mr. Frelinghuysen. Thank you, Mr. Chairman.

Good morning, Secretary, welcome back. General Flowers, General Griffin, Rob Vining, thank you for all of your good work. Those of us who serve on this committee have always valued the work of the Army Corps, but after September, all of

us value it even more.

I am the only member who comes from the Northeast and the North Atlantic Division, and I would like to thank you, General Flowers, and all of those in your command, General Rhoades, for what you did in the New York, New Jersey Metropolitan Area. We don't need to go over how horrific it was and how catastrophic it was. And you have pointed out that your people, men and women, were on the ground from the get-go, and they saw some horrendous things, and they are still finding them and serving in ways that I am sure we don't need to have descriptions of at the Freshkill Landfills. You are still there on the ground. We are incredibly grateful.

In our state we seem to be somewhat overshadowed by New York, but we lost 800 people who worked in lower Manhattan, a lot of people from my neck of the woods, and friends and neighbors of mine lost their lives. But the Army Corps didn't get the type of visibility that it should have perhaps. A lot of other Federal agencies, FEMA, obviously was in there, EPA, and I want to--I certainly join with all the members in here to reemphasize what the Chairman said. We are extremely grateful for the degree of professionalism, compassion that exists to today.

General Flowers. Thank you.

Mr. Frelinghuysen. And I think generally speaking, let me say to the Secretary, congratulations on your very on-target remarks about trade. I am a believer in keeping America open for business. And while there may be people who have, should we say somewhat isolationist views, we need to keep our harbors open. We need to be able to navigate. We need to compete in a global economy. Very happy to hear those remarks. I assume that the people behind you, men and women, are supportive of that type of philosophy.

Recognizing that I represent the New York-New Jersey Metropolitan region, General, I support the comments you touched on earlier. We obviously know the economic consequences of not doing the right thing, continuing the type of work, the ongoing work that needs to be done. What is the military strategic importance of keeping our ports open? I mean we don't talk about that much, but could you expand on that very briefly?

General Flowers. Yes, sir. Currently we pride ourselves on being able to deliver and project our force where it is needed and when it is needed. Key to that are two things, being able to move efficiently by air and also being able to move efficiently by sea. And the services have made investments in fast sea lift, and it is critical that we keep our strategic deployment ports open, so that when we have to project our power, we are able to do that through those ports.

I would also say that the Inland Waterway system has provided some strategic agility as well. One of our divisions deployed today to Afghanistan, frequently deploys by Inland Waterway when it deploys for training to our joint readiness training center, and it represents for the division a tremendous savings in what it costs to ship, but that also, I think, demonstrates the flexibility that the waterway system gives you.

Mr. Frelinghuysen. One of our national priorities outlined

in the Federal budget is under General Rhoades's North Atlantic Division, which is the New York-New Jersey Metropolitan region. This committee has given, I think, some good direction to you. Can you comment or have General Rhoades perhaps comment a little bit about how we are progressing in terms of providing the proper draft so ships can get in so we can really get, not only serve military, but other purposes?

General Flowers. Yes, sir. I don't know if I want to take the risk to have Steve Rhoades get the microphone, but----

Mr. Frelinghuysen. I like the idea. Thank you.

General Rhoades. He is never quite sure.

Mr. Frelinghuysen. We are interested obviously in getting the job done. We are also interested in saving money, so if there are things that we are doing in our area that can be duplicated elsewhere, would you talk about the impact of that?

General Rhoades. Yes, sir. As one of the national projects, I am happy to report that since we have met last time, there has been a substantial amount of progress made. My own view is that the Federal team is working better than it probably ever has on this issue, overcoming the legitimate hurdles that face the deepening of this port.

On the Kill Van Kull, sir, we have three--we have completed three construction projects, and three additional projects are about to be awarded.

In the Arthur Kill, we have completed the limited re-evaluation report, the environmental assessment, and we have negotiated a project cooperation agreement with a nonfederal partner. We expect to execute that agreement in April of 2002, so that is right around the corner.

And the Port of Jersey, sir, we have negotiated a project, a cooperation agreement, and likewise, we plan to executive that agreement in April of 2002.

The New York-New Jersey Port Design effort, a design agreement was negotiated with a nonfederal sponsor, the Port Authority, and executed in January of 2001. The engineering and design effort is under way, and we are working with the environmental agencies and the states to complete that record of decision, which will be a major milestone which we expect to get done this summer.

Mr. Frelinghuysen. Sounds good. Go for it.

General Rhoades. Thank you.

Mr. Frelinghuysen. Thank you, Mr. Chairman.

Mr. Callahan. Mrs. Roybal-Allard.

Ms. Roybal-Allard. Thank you, Mr. Chairman. I, too, would like to welcome the Secretary. I have had the privilege of working with him as a colleague, and I would also like to welcome General Davis, who is new in the South Pacific Division.

I would also like to thank Chairman Callahan for coming to California last year and touring the ports of Long Beach and Los Angeles, which comprise the third-largest port in the world, and it is still growing. In the year 2000, the L.A. Harbor experienced a 27-percent increase in container traffic, making it the busiest container port in the United States, and the volume is expected to double over the next 10 years.

Last year, the committee included funds for new construction that permits the dredging of the main navigation

channel for the port of Los Angeles. This, of course, is desperately needed in order to accommodate the more modern and the larger size container ships that are now being used.

Can you give the committee the status of this project and what you will be doing with the funds that were provided in fiscal year 2002, as well as what your capability would be for fiscal year 2003?

Mr. Parker. First, let me just mention, and I am going to let the General answer that question for specifics. I had the privilege of going out to Los Angeles and touring the ports there in Los Angeles and Long Beach, and I have to tell you I was extremely impressed with the plans that they have in place, and not only the work that they have done with the ports, but also this has been totally intermodal. All of these different forms of transportation are coming together there in a way that shows a tremendous amount of cooperation.

It is interesting that Long Beach and L.A. work so closely together on these things because they are such fierce competitors, as far as stealing each other's tenants and everything else, but they work extremely well in knowing that the future of the area depends on them working together and also working with other interested stakeholders that are not at the port itself and go farther up the watershed. They have a real broad view of a watershed approach on how things should be done. I think that is one of the reasons they have been so successful.

But they are doing an excellent job out there, and I was very much impressed with how they were doing it, and the cooperation there. As far as the specific numbers, I will let the general answer that.

General Flowers. I think I am going to call on the South Pacific Division engineer to answer that question.

Larry.

General Davis. Good morning, ma'am.

Ms. Roybal-Allard. Good morning.

General Davis. For this year, we have \$4.5 million in the budget in 2002. That will complete the plans and specifications for the deepening. We have a capability to do \$20 million worth of construction next year. However, right now we have nothing in the budget.

Ms. Roybal-Allard. Okay. Actually, that leads to my next question. Because, given the earlier comments about the vital role that our ports play in the economic stability of our Nation and also, as the General added, to our national security, I find it hard to understand why your budget contains no funds for this particular project, and I would like an explanation of that.

Mr. Parker. You know, we are in the beginning of this process, and as I said before, there have been some hard decisions made, and we know, the Administration knows, the President knows that the process is not something which ends at this point. It is just the beginning. It is not a sprint. It is a long-distance race through this process, and in the final analysis, it will be all of us sitting down, members of the Administration, the President, and the House and the Senate, with this Committee playing a vital role in coming to the final conclusion, as far as where we are going to be. We know full

well that the numbers that have been presented by OMB are not the numbers that are going to be in the final bill.

That is pretty much all I can tell you about it.

Ms. Roybal-Allard. So you are hoping that will not stay at zero budget for---

Mr. Parker. No, I guarantee you it will not stay at zero.

Ms. Roybal-Allard. The Harbor South Bay project is the type of project that we are relying on more and more in Southern California to effectively use our supply of water. And in Los Angeles County, 30 percent of that water is recycled, and municipalities use recycled water for parks, for golf courses, and businesses really like to use it for their industries because it is also a reliable source of water.

Again, I believe that you also toured---

Mr. Parker. I did.

Ms. Roybal-Allard [continuing]. Went on a tour of it when you were in L.A. Can you briefly describe this project to the Committee and the need you and the project sponsors are trying to address.

Mr. Parker. It is an interesting project in that they take water, and they turn around and recycle it. They have customers there who are in line waiting to buy it. LAX airport, they've got I think it is a large company across the road that uses a tremendous amount of it. Their goal is to increase--and they keep coming up with new technologies--their goal is to increase to the point where I think they are doing 45 percent of all of the water in the total valley, in the total watershed there. Right now they are at 25 percent.

So it is a fascinating thing to tour the facility and to see what they are doing and how they are accomplishing that because it takes water that is utilized, but then it reuses it again, and it can be reused after that, also. So, I mean, it is a fascinating thing to see, and it is something that we are going to be using around the country because water--we are having a, I say ``we'' there is going to be a national discussion on water issues in September of this year, and for 30 years we have not had that national discussion, as far as talking about water and the priority that water has in our lives and the value of water.

It has been said that over the last 100 years we have fought wars over energy. Over the next 100 years, we will fight it over water. I agree with that. I think that we all see, because of climate changes, a lot of different things, because of aquifers that are being lowered, that we have got to address this early to put off problems that are going to eventually hit everybody.

That meeting is going to occur in September, and I think that you will see a lot of these interested parties, all of the parties in this country that are interested in water, you will see them coming together--business groups, agriculture, environmentalists, they will all come together. One of the things that they will talk about, I think, at this meeting is going to be recycling of water and how you use it in a more efficient manner.

Ms. Roybal-Allard. By your comments, that tells me that you do understand the importance of recycling, which is why, again, I am surprised as to why there is no inclusion of this Harbor

South Bay in your budget. Is this because it will come later?

Mr. Parker. Well, in working with the committee, and working with the Chairman and the Ranking Member, I think that in the final analysis, we will have the issues that you are talking about addressed.

Mr. Callahan. You left out the primary reason. It is because she is a member of this subcommittee is the primary reason it will be put back in there.

Ms. Roybal-Allard. Thank you, Mr. Chairman. Do I have time for one more or do you want me to go the second round?

Mr. Callahan. I am sorry. We are going to come back, though.

Ms. Roybal-Allard. You will come back?

Mr. Callahan. Yes.

Ms. Roybal-Allard. Okay. Fine.

Mr. Callahan. Mr. Wicker.

Mr. Wicker. Thank you, very much.

Mr. Secretary, it is really good to see you sitting where you are sitting, as well as the other members of the panel and the excellent professionals that are sitting in the two rows behind the panel. I think every member of this subcommittee appreciates the work that the Corps of Engineers does to protect the lives, and safety, and property, and livelihood of Americans. I do not disagree with a single thing that has been said so far today.

There is justifiable gentle criticism of the Administration for unrealistic budgeting, but I do think the Administration has to be commended for putting someone like you in this position because, Mr. Secretary, you have been on this side of the panel. You know what is nonsense and what is real, and also I have every confidence in our chairman, and in Mr. Visclosky and the other members of this Subcommittee. We are going to work this out, and we are going to come out with a product that Americans can feel confident about.

Lest there is someone in the room who thinks that we all sound like a bunch of big spenders and pork-barrel advocates today, those would be the uninitiated. I have to echo what Chairman Callahan has said. If there is a deficit this year in our budget, it will not be because of this Subcommittee. We are going to be efficient with the taxpayers' money, but we are going to meet the needs because they are out there.

The chairman mentioned pet projects when he was talking about earmarks, and I know he was being facetious, but I also know that you recognize that some of the things that might be called pet projects cannot be sustained with the budget that has been submitted. Projects such as the construction and maintenance on the Mississippi River and Tributaries Project, we know that that is going to have to be realistically funded.

I want to personally thank you for what you have done as a member of this Congress for the DEC program, the Demonstration Erosion Control, for those of you who are not familiar with it. I know, Mr. Secretary, that you have been there in the small towns that see the flood water creeping up each year, and you know that this is a program that is going to save a town from extinction. I think you realize that we are going to have to put that money back in for the DEC.

Let me just ask you, with regard to security with the

Mississippi River and Tributaries project, Mrs. Emerson was getting around to this, but I understand that the supplemental security funding will not give us any additional funding for security on the Mississippi River and Tributaries project. Now the needs are going to be there. The funds will have to be spent for security of our dams, and our water supplies, and things of that nature in the Mississippi Valley, but that will have to come out of appropriated project funds.

I spoke with General Arnold about this yesterday. Is this something that the administration intended? Is it something that was just accidental because of a budget quirk? I appreciate your thoughts on that, and any other members of the panel.

Mr. Parker. Let me first say that the Corps will not let any facility not be protected. We will make sure that it is protected. But as far as answering your specific question, let me refer that to the General.

General Flowers. What we did following 9/11 was go through a very systematic, and we are going through a very systematic reinspection of all of our critical infrastructure. What we have done initially was responded through the Department of the Army on what it would take to protect that infrastructure and asked for that money.

Right now we are paying that bill out of hide, and MR&T funds are being used to pay for infrastructure security on the lower Mississippi River. What we are going to do is fight for reimbursement of the money so that it does not divert from O&M and other necessary and vital work on the lower Miss.

Mr. Wicker. I appreciate that assurance, and I look forward to working with you on that.

Let me just make one additional quick point in the time that is remaining, and that is with regard to the effect that our work on the Mississippi River and Tributaries is having on the safety of our region. Mr. Edwards mentioned a very devastating and expensive hurricane. We have been lucky, in the Mississippi River Valley that we have not had a real major event, but we know that it will eventually come.

I would just say to the members of the subcommittee and to anyone reading the record that we are going to have to pay attention to the possibility that another flood will be coming along, and we are going to have to be ready for it. I look forward to working with you and everybody else up and down the Mississippi River because it will be potentially serious when it comes.

So thank you.

Mr. Callahan. Mr. Wamp.

Mr. Wamp. Thank you, Mr. Chairman.

Mr. Secretary, Steve Largent used to tell us when he was here that in the NFL sometimes rather than saying anything, they would just do this.

[Mr. Wamp moving finger in circular motion.]

Mr. Wamp. What that means is what goes around comes around. I am real tempted to try to bring some anxiety to you like you did so many witnesses here on this panel. [Laughter.]

But it is almost like a love fest. There is a lot of people that testify here that are real glad you are gone, and I am sure they are going to be frustrated that we do not treat you

the same way that you treated them. But I agree with Mr. Wicker, it is an excellent choice.

I do not think there has ever been a time where the Corps is going to be more important than post-September the 11th to the future of the free world, and the strength of our country. And anybody that refers to this line of work and this responsibility as pork needs to remember the second responsibility behind national security of the Federal Government is infrastructure. We have huge infrastructure needs. I do appreciate your recommitment to efficiency and effectiveness in the last year that we have seen. The chairman was right in his opening statement, and I commend that.

I have one issue, and it will not surprise anybody in this room that I raise it because we are now close to a priority we have been working on for 5 years called the Chickamauga Lock replacement in Chattanooga. But it affects all of the Eastern United States. It will follow the excellent model Chairman Rogers led this committee through, and the country through, with the Kentucky Lock replacement. It is smaller, in terms of the volume, but it is very, very critical.

The Corps has done an excellent job with the Chief's report. It is on the street, the draft is out there. We should have that report finalized and to the subcommittee for inclusion in WRDA 2002 this summer. And I want to raise the issue, ask you to help me assure the people of the region in the South that this administration is committed to the authorization first, and then this committee will have the heavy lifting annually for 7 years to replace a lock that the Corps clearly says, through the chief's report, needs replacement because of concrete growth. We have patched it up as best we can for the last several years, but we are running out of time.

And we are now at a window where we have to go through with the authorization, with WRDA, and then the annual appropriations on what could be a \$300 million, 7-year replacement project, and openly invite you to come back to the region. I know you have been there. You have got great friends in the region. Maybe this summer, when it warms up a little, you can come down and see exactly what the needs are, and we will roll out the red carpet for you, Mr. Secretary.

General Flowers, I appreciate your leadership as well, sir.

Mr. Parker. First of all, it surprised me that you brought up Chickamauga because I have never have had a conversation with you when you did not bring up Chickamauga. But the fact of the matter is I am coming down. We are working some things out now for me to come down there, and I will be also speaking at the Cleveland Rotary Club. So we will work that out before too much longer, but I am looking forward to coming down and looking forward to working with you.

Mr. Wamp. Thank you, Mr. Chairman.

Any commentary, General, on the status report on authorization?

Mr. Vining. Sir, as you know, the chief's report is out. We are on schedule to have that available for consideration for WRDA. In anticipation of that authority, we have a capability on this project, so we would be ready to move forward.

Mr. Wamp. Thank you all.

Thank you, Mr. Chairman.

Mr. Callahan. Mr. Doolittle.

Mr. Doolittle. Thank you, Mr. Chairman.

Mr. Secretary and gentlemen, welcome.

I was intrigued to read in the testimony of the Secretary that the Administration is proposing to shift the full cost of Federal retirees to the Agency programs instead of the Office of Personnel Management. Why is the administration proposing to do that, and what is the rationale behind their thinking?

Mr. Vining. The understanding we have, sir, is that this is a Governmentwide initiative. In essence, it is to place the responsibility for the retirees on the agencies that the people worked for and retired. It is something that we are absorbing, as all agencies must, and we are working through that as well.

It was certainly not something that we recommended, but we will implement it, if that is what ultimately comes out as the responsibility.

Mr. Doolittle. This, in effect, amounts to basically a budget cut then, right? Because it comes out of your existing budget.

Mr. Vining. The budget amount that we received was plused-up by that amount, but if you take that amount out, that is what, as Mr. Parker said, you start to get back to that \$4 billion level, as the money or the funds that are in the budget consistent with last year's program level.

Mr. Doolittle. Is this the first time for the Federal Government that they have taken this approach? I mean, how long have we had the policy of doing it through OPM?

Mr. Vining. As far as I am aware, this is the first time. Certainly, in my career, it is the first time, sir.

Mr. Doolittle. As you anticipate what the effect of this may be, as we play this out into the future, what would be the likely consequence?

Mr. Vining. Well, our understanding is that, first of all, legislation would be required in order to implement this, and the consequences of this would be that we would have to incorporate it into our budget submittals each and every year. So it would certainly impact the ceilings that are available to fund projects.

Mr. Doolittle. I realize I am just thinking out loud here. I wonder which committee that would go through to change it over to the agencies. Is that the Governmental Reform Committee, would you think?

Mr. Vining. Probably.

Mr. Doolittle. Thank you. I also was intrigued by the proposal to shift the way projects, hydroelectric power projects, are operated and maintained. I guess they are using the Bonneville Power Administration as a model, that is a situation, is it not, where they have a revolving fund to operate and maintain those projects?

Mr. Parker. I think it is important to understand that these power marketing authorities are already paying this amount.

Mr. Doolittle. Right.

Mr. Parker. They pay it at the end. And because of the maintenance backlog that we have, in essence, what we are doing is funding these power marketing authorities with maintenance

dollars that we could use now. What we are trying to do is utilize our money as efficiently as possible and be able, using Bonneville as an example, where the power marketing authorities pay us up front for the maintenance. That way we can take it, take those dollars, and spend it on maintenance that we need out there. They are going to pay it one way or the other, sooner or later. We are just talking about them paying it sooner, so that we can utilize those dollars now to use them more efficiently.

Mr. Doolittle. If I understand how this works correctly, right now it depends upon--other than Bonneville, and other than certain specific projects, like I think Hoover Dam has a special arrangement where they have a revolving fund to maintain that, and there may be a handful of others. That was the one, big exception that I remember.

The rest are dependent upon annual appropriations, are they not, in order to do the operation and maintenance? We have been very poor, I think, in providing that. That, I guess, has accounted for this figure I see in your remarks, Mr. Secretary, that the Corps hydropower facilities are twice as likely to experience unplanned outages as private-sector facilities.

The trade-off, as I understand it, is that when you go to the revolving fund, you do lose a certain amount of accountability and oversight because then those funds are just available, and they can spend them as they see fit. That may just be a price we have to pay in order to improve the reliability, which I strongly support our doing.

The figures I saw in your remarks indicated that Corps facilities experience unplanned outages about 3.7 percent of the time compared to an industry average of 2.3 percent. I just wondered, since we are going to model after Bonneville, what would be the figures for their facilities, just so we could compare them to what, say, the industry average is.

General Griffin. We will have to answer that for the record.

[The information follows:]

HYDROPOWER FUNDING PROPOSAL

In the three years since the direct funding agreement took effect, Bonneville Power Administration's system-wide reliability has improved. There has been a trend toward increased plant availability and the forced outage rate has decreased. The force outage rate at Corps facilities has dropped from 5.48 percent to 3.75 percent over the period.

Mr. Doolittle. Thank you very much.

Mr. Parker. Thank you.

Mr. Callahan. Mr. Secretary, last year we had some controversy, and naturally that was before you came on board, about the change in the cost-sharing formula for the periodic renourishment phase of shore protection projects, and as you know, Congress rejected that proposal. I know that the budget indicates that the Administration, and when I say ``Administration,`` I guess I am referring to OMB, has concern with inadequate local cost-sharing for shore protection projects. Do you think that there is a similar proposal for

changing the cost-sharing formula in the works this year? Is the Corps advocating that or is OMB or someone advocating that we go back to the same battle that we fought last year?

Mr. Parker. OMB has let us know that they have not formulated a position, as of yet, so it is my understanding we are still waiting on that.

I have to tell you, on changing any of the cost sharing, it is my view that we need to be very careful on that this year, especially going into the deficit spending. I think we have to look at it, and I know that this committee will work its will. The House and the Senate will work its will, and the committees of jurisdiction, as far as addressing these questions, but I want to make sure, since we are going into deficit spending, I want to make sure that we do not create another level of burden, cost burden, to the Federal Government with the limited dollars that we have got to use. We have got to use them more efficiently, but that is really a decision that you, as a committee, have got to make.

Mr. Callahan. We have already made that decision. We made that decision last year, and we instructed you not to change the formula. So I would not advocate that you present anything to this Congress saying that we disagree with what you did last year, and we want to move in another direction. So I would strongly suggest to you all that you not even bring such a proposal to this Congress.

Mr. Vining. Mr. Chairman, if I could on that line.

Mr. Callahan. Sure.

Mr. Vining. Just for clarity, the shoreline protection monies in our annual budget then are consistent with current law and would not be anticipatory of any changes.

Mr. Parker. No.

Mr. Callahan. They do not anticipate any changes.

It is odd that there are no funds requested for shore-protection projects in the State of Florida, yet that was a high priority last year because of Congressman Clay Shaw's insistence that we give them some immediate assistance on the Miami Beach shoreline. Why is there nothing in here for Florida?

General Flowers. Sir, that falls under the no new starts--no new contracts, sorry.

Mr. Callahan. What about the contracts that were issued this year? Will it be sufficient to fulfill the needs or are they going to replenish half of the beach or a third of it or what? Where are we?

General Flowers. About 80 percent of the contracts are funded. The other 20 percent are going to fall into that category that we talked about earlier in termination.

Mr. Callahan. The continuation of the existing contract to finish the project would be a lot simpler and less costly than to start a new project, with new engineering, with new contract lettings. Are we not actually losing money if we do not finish the project and say come back next year or 2 years from now and start all over again? Would we not be losing money?

Mr. Parker. Yes, sir.

Mr. Callahan. When I refer to the Administration, I hope it shows somewhere in this record, when everyone refers to the Administration, we are talking about OMB. You are the

Administration, and the President is the Administration, but we are talking why would OMB be so foolish as to take Social Security money and cancel a contract because of the whim of some individual within the Office of OMB? Why would we cancel a contract? The cancellation in this case would cost more than would be finishing the project.

Anybody?

Mr. Parker. I thought that was a rhetorical question.

Mr. Callahan. It was. But I just cannot comprehend. You know, I can understand their disdain for the Corps or their love of whatever they love, but I cannot understand totally ridiculous suggestions such as that. So, before you cancel that last 20 percent of these contracts, Mr. Secretary, I would like for you to know that we are going to force you to do it anyway before this process ends this year, and I would encourage you to find a ways and means to continue that project and not to plan on any cancellation of any project that is going to cost money to stop, and especially in Florida.

We, in Alabama, too, have great interest in beach renourishment, and we are undergoing part of that pilot program, and we do not want any change in the direction. I know Mr. Frelinghuysen in New Jersey, has great interest, as do Texas, and Indiana, Ohio. So the Congress is very interested in this program. I think, in most cases, it saves you money anyway.

In the case of Dolphin Island, Alabama, or Gulf Shores, the question is whether or not we are going to take this clean, white sand 25 miles out in the Gulf and dump it or whether we are going to dump it right on the shore almost adjacent to the channel, when the environmental community supports it, and you are performing a service and replenishing beaches at a smaller cost than it would cost you to dump it in the ocean.

So this is a project that I am personally interested in, that every member of this committee is interested. The entire Congress voted on the formula last year. For example, at one point, one of the gentlemen from Colorado, and I do not know of any beach renourishment programs that he might have, tried to extract all of it, only to fail miserably.

So the Congress has overwhelmingly voiced its opinion on this type of project, and I think that these projects are well deserved, well merited, and we would encourage you not to accept, or at least if you are directed by anybody to begin a new direction, to inform them that they are going to run into a big barrier in the Congress of the United States.

Mr. Parker. Mr. Chairman, we are working on WRDA right now and coming with a proposal to the Congress. One of the things that we need that we are working on now is trying to provide the tools to our districts to allow them to do things in a more cost-effective way. A lot of times they wind up taking the blame for things for which they do not have the tools necessary to be able to make common-sense decisions as far as what needs to be done.

I think that is something that needs to be addressed so we can do things in a more cost-efficient manner, in a more common-sense way, and basically get a bigger bang for the buck for the taxpayers of this country and do things in such a way that benefits the American public and the environment, and at

the same time, we do not have to jump through hoops to get it done. And those are some of the things for which we will be coming to the Committee, and asking for some of those tools for the local districts.

Mr. Callahan. I do not know what the wishes of the committee are. I guess that is a vote we have on the floor, and I do not know what your schedules are, but I guess we had better go vote and then come back.

You can keep going, if you would like, but I will go ahead and vote, and then when they are finished, we will just stand in recess. You are welcome to use my office, if you need to use the phone or rest room or something during this temporary break.

We will be right back.

Mrs. Roybal, are you going to go ahead?

Ms. Roybal-Allard. Yes, I will go ahead and ask my questions.

I wanted to follow up on the Harbor South Bay Recycling project because I understand that the Los Angeles district would like to incorporate two additional segments into the Harbor South Bay project, the West Basin and Central Basin Connector project, and the Montebello Loop, both of which are important to my congressional district.

Do you agree with the assessment that adding these two elements are essential to the success of the project and can be added with no additional authorization?

Mr. Parker. Yes. From my understanding, it is, and I would suggest that other members of this Committee who have never seen this project be invited out there to see it. Because once you see it, it makes a real impression on you, as far as how far you can go with this type of project.

Ms. Roybal-Allard. Thank you.

The Los Angeles County Drainage Area project, has provided quite a bit of relief from potential flooding, and FEMA recently approved the revised flood maps that are going to result in significant reductions in flood insurance premiums for thousands of Angelenos. When the L.A. River is dry, which is quite often, the project resembles a large piece of concrete, so that greenways or parks, those kinds of things, are very important to those who live in the surrounding neighborhood.

What has the Corps done on environmental restoration along the Los Angeles River?

Mr. Parker. I had the privilege of giving the dedication speech for the completion of the project out there, and I have to tell you I was really fascinated because it came in, I think it was, how much under budget, \$150 million?

General Davis. That is right.

Mr. Parker. \$150 million under budget, and it was because of some innovative engineering that the Corps did by putting on some buttresses, abutments on bridges, and kept us from having to go in and raise these bridges.

They have spent a tremendous amount of money on these greenways along the corridor there, and, in fact, where we had the dedication ceremony, they had a park beside it that the Corps had put together. I do not know the exact amount of money that is being spent. Perhaps, General, you could tell us.

I did not follow the chain of command.

General Davis. Yes, ma'am. We have ongoing right now in the Los Angeles district a Los Angeles Water Course Improvement Study, which is specifically looking at some environmental restoration possibilities along the Los Angeles River.

The study is funded for this year. We have about \$400,000 of capability for 2003 that is not in the budget right now that would be used to continue looking at the options to provide environmental enhancements along that concrete river.

Ms. Roybal-Allard. Are there other locations, particularly in the vicinity of the cornfields, where there might be some possibilities for restoration?

General Davis. Yes, ma'am. Based on some earlier inquiries, we have taken a look at the area where the cornfields, the cornfields part of the river. We think there is potential for some work there as well. We have the existing authority under our LACDA authorization to do those studies. We probably need about \$100,000 in 2003 to undertake that.

Ms. Roybal-Allard. Thank you very much.

General Davis. Yes, ma'am.

Ms. Roybal-Allard. The committee will stand in recess.

[Recess.]

Mr. Callahan. Mr. Secretary, we will reconvene now.

We have already touched, at least Congressman Rogers did, on the Administration's proposals with respect to the backlog and the cancellation of contracts and the cost of doing that. If I understand it correctly, what they are saying is there will be no new construction starts, which we have already discussed, except what they want, and a significant reduction in the funding for studies that have the potential to lead to new construction starts.

So they are saying not only, as I understand it, will there be no new starts, they are asking you to stop the studies that could ultimately lead to new starts. I just wonder about the wisdom of that. Do you all know what the wisdom of that is if they say no more new studies for fear that there might be a new start? Are they advocating no new studies and that you cancel studies that are underway now?

Mr. Parker. I can only tell you what I think. I think that if you create a glide slope, where you are moving down with no new studies and no new starts, what happens is you effectively become a Bureau of Reclamation, which is a maintenance organization, and you no longer have new starts, I mean, if that continued out into the future.

Mr. Callahan. In your discussions with OMB, and they advocated no new starts last year and they are advocating that again this year, how long did they indicate to you that this should go on? Is this forever? Does this mean the abolition of the Corps? Is that their mission? If we are never going to have any new starts----

Mr. Parker. I think the way it was said to us is that after you get the backlog down, then we will consider possibly adding some new starts.

Mr. Callahan. At the current levels of appropriation, how long would it take you to catch up to backlog?

Mr. Parker. We have a total of \$44 billion of backlog.

General Flowers. That's about 10 years, sir.

Mr. Callahan. Ten years. Well, the backlog, General, does not include the O&M, so that is 10 total years of appropriations.

General Flowers. Yes, sir.

Mr. Callahan. So would you not say that we would be looking at close to 30 or 40 years before any new starts? Would that not be a more accurate----

Mr. Parker. The Corps has provided me with some numbers. They figured it would be 22 years.

Mr. Callahan. Twenty-two years----

Mr. Parker. Or more.

Mr. Callahan. So they are advocating that we not do anything to improve our navigation needs, our environmental needs, our water protection needs for the next 22 years; is that really what you think they are saying?

General Flowers. That would probably be the net effect, sir.

Mr. Callahan. That seems to be the direction they are taking. And you have already mentioned what the total backlog already is, and they do not really address that either. They say leave the backlog at \$44 billion and do not do any new starts. That is what I am reading into this. I do not know what the backlog would--what we would accomplish in the year 2003? We would not accomplish even a billion dollars towards the backlog. We are talking about ongoing projects which are not considered part of the backlog.

I just cannot fathom that OMB would come up with a proposal that says that we are not going to have any new starts, either from an environmental assessment viewpoint, or for actual construction. And in some cases, unknown factors come up, and we have to create a new start because of a problem that exists this year that did not exist last year. So we are talking about emergency situations. They are saying no new starts for emergency situations, no new starts for congressional requests. No new starts for anything for the next 22 years is something I cannot quite grasp their rationale on, even OMB.

All right. We have had a discussion on the shore protection.

Pete, do you have other questions?

Mr. Visclosky. Mr. Chairman, I do.

The first point I would make is this. We had several interchanges, Mr. Secretary, with Chairman Callahan, as well as Mr. Rogers, and the issue of members of Congress exercising independent judgment as to the needs of their regions, States and districts came up. But I would also point out, because the Chairman has several times publicly referenced communications he and I have had with Mr. Daniels at OMB, that the Chairman, as he pointed out in his opening remarks, has suggested that we would want to act in a fiscally responsible fashion, that while we would maintain our prerogative to exercise independent judgment, if a realistic budget had been sent up, we would be happy to exercise that judgment within the parameters given. Obviously, that did not happen, and I would not want to further belabor the point, but I would make that observation that the Chairman made that suggestion.

I also want to, because often I am in communications, General Flowers, in particular, and General Hawkins, with the

Corps because of an issue or question or problem that arises, take this public opportunity to thank you and to congratulate you, General Flowers and General Hawkins. Because one of my concerns in the past is I, in my heart, believe that all of you here with the Corps are doing God's work to protect the lives of our citizens, to improve our economic opportunities, to secure our national defense, and you do not get enough credit.

Clearly, there is a fine line, where you have been accused in the past of trying to find work to do, but also point out, in an affirmative fashion, the value of some of the projects that you have undertaken. I do think, in a responsible, positive fashion, you have done that. I think that is good for the country. I think it is good for the Corps that people know, in an environmentally sound fashion, after due diligence and due study, you are undertaking programs that will improve our economy and will improve our security. That is not something to be ashamed of. That is not something to hide. And to the extent that in appropriate forums you can make that known, I do think it is helpful to all of us here.

For all of my complaints and other's complaints about the budget, I would, on a positive note, recognize that, for regulatory programs, there is a request for \$151 million. Subtracting out the \$7 million for retirement, that figure is \$144 million, which is a significant increase over the \$127 million--from this year's budget.

Mr. Secretary, in particular, I would thank you for fighting for that figure because I do think, in fairness to the business community, if we are going to have a regulatory regime, we ought to make sure that the funds are provided to the Corps to make sure that it is expeditiously followed. So I do appreciate and recognize today that that figure is included.

It would further be my understanding, again, after having not been real happy with my Hoosier colleague down there, that that was also the figure that was submitted to OMB. So I would note that as well.

Mr. Parker. We made the argument on that, by the way, and a very strong argument, that in order for us to be efficient in what we were doing, and not only from the standpoint of the regulatory side, but also the follow-up side, which the Corps is putting a tremendous amount of time on to make sure that when mitigation is required, for instance, mitigation actually occurs, and it is not just out there and not being looked at, that we make sure that we are doing all of the things so that Congress can be assured that when we say something, that they can depend on that. That is very important to us. It is very important for the future of the Corps.

I think it is important for people to realize that of all of the agencies that deal with the environment, there is only one agency that is mandated to look at all of these different factors, and the Corps is mandated to look at everything, from the economic side, to the agriculture side, the environmental side, to the Native American side, the Indian Nations, to look at the sociological side, the archaeological side. I mean, they look at everything, and they are mandated to do that.

A lot of these other Federal agencies are very myopic when they look at something, and so they have the luxury of just looking at one thing under a small lens and never moving from

it. The Corps is charged with the responsibility, and it is the one agency--to keep everything moving, make the economy go, and protect the environment and do all of the things necessary to make these projects work within communities, and people do not give the Corps enough credit for that.

Mr. Visclosky. Those were some of my remarks earlier. We have a project in my district that has commercial purposes and environmental purposes. We have a nearby RCRA site. It is not without controversy, but there are benefits to doing that program, and people ought to understand that.

I mentioned in my opening remarks Federal agencies are being rated for performances and that there is a performance plan being prepared for the Corps. Mr. Secretary, are you preparing that or is that an OMB initiative, if I can ask?

Mr. Parker. It is my understanding that there was one that was prepared earlier. They were looking at it pre-9/11. It was submitted to the Corps, and we have not gotten it back yet. What did I say, the Corps? The OMB, and we have not gotten that back.

We are now looking at doing one post-9/11 with all of the things. They are working on that now, and when we have that together, then we will submit that.

Mr. Visclosky. So you are submitting a proposal to OMB.

Mr. Parker. No, we are not going to submit this one to OMB. We do not have to submit it to OMB. They told me that when they submitted the last one to OMB, it never came out. I said, ``Well, do you have to submit it to them?''

And they said, ``No.''

I said, ``Well, it will not go this time.''' So they will throw a fit about that.

Mr. Visclosky. So the performance plan would be an internal document for your own utilization. It would not be connected with the performance grades that were given out by OMB on the budget.

Mr. Parker. No. That is a thing that they are doing themselves; is that correct?

Mr. Vining. Yes, sir.

Mr. Visclosky. The last question I would have then is you do have the \$65 million request for counterterrorism, and again there has been some discussion. It would be my assumption that that, in the end, once you have made an assessment of all of your needs, is probably going to be inadequate. And so that conversation would have to continue, as far as any potential supplemental that might come down?

Mr. Parker. Let me have the General respond to that.

General Flowers. Yes, sir. That is accurate. The \$65 million was our best estimate, post-9/11, of what it would take to provide additional security at some of our critical infrastructure. We will have a much more accurate assessment in April when we complete the current assessments that are going on across the country.

Mr. Visclosky. Gentlemen, thank you very much. Mike, I do wish you every best----

Mr. Parker. Thank you.

Mr. Visclosky. Thank you, Mr. Chairman.

Mr. Callahan. Mr. Frelinghuysen.

Mr. Frelinghuysen. I have a number of questions for the

record. Just one comment. Most of us are aware of the non-Federal sponsors. We are aware of the issue that you partner with a lot of local Governments. I assume, because so much was done as a result of the crisis we had in September that we have learned a hell of a lot, in plain English, that when there is a real crisis, there is an emergency, a lot of things can be expedited.

I have been on this committee for 7.5 years, and when I first got here, we got focused on PCAs and delays, and you were here, and it made us wonder sometimes whether we got anything done. Obviously, there was a resource issue and a money issue always, but in reality, I am not sure if the term ``post-mortem'' is appropriate, but I would think that you learned some critical things here. And I would hope that some of your Federal partners, EPA and other Federal agencies, will be working closer with you.

Any general comments for the record? You do not need to give them now.

Mr. Parker. I have to tell you I was very pleased with the reports that I got after the 9/11 attack on seeing the interagency work and cooperation that was done. With FEMA, of course, this situation came under the Stafford Act, with FEMA being the lead agency out there, and I have to tell you EPA, everyone, all of the Federal agencies came through very, very, and did everything in a very timely fashion. All of a sudden time was not that important. Getting the job done and protecting lives was the main thing.

The people in this country should be very proud. It kind of makes you wonder why we cannot do things a little faster on a regular basis, but I was very pleased with that, and I think the General can probably speak to it more specifically because I was not confirmed until the end of September, and he was involved right in the middle of getting everything done in the 9/11 attack.

General Flowers. Yes, sir, we are doing ongoing, after-action reviews of the response to 9/11, capturing lessons learned, sharing them, and I would echo what the Secretary said in that the interagency process, when there is a common understanding of what needs to be done, can work very, very well, and we are trying to leverage off of what we have experienced so that we make life better in the future.

Mr. Frelinghuysen. Thank you very much.

Mr. Callahan. Thank you, sir.

Mr. Secretary, we have discussed a little the Columbia River Ecosystem Restoration project, and it seems to be a new-start. In fact, it is included in the request. Whose request was it to include this as a new start? Was that your request or the Corps' request?

Mr. Parker. The Endangered Species Act dictated that it be a new start. It was asked for by the Corps, and it was approved by OMB.

Mr. Callahan. So you did ask for that.

Mr. Parker. Yes.

Mr. Callahan. All right. Now how about the Grand Forks, North Dakota, and East Forks, Minnesota, project? They recommended an increase from \$15 million to \$30 million. Was that a Corps request?

Mr. Parker. No, sir, it was not.

Mr. Callahan. Well, why would OMB decide a project ought to have more money than you requested without--did they consult with you on this?

Mr. Parker. No, sir, they did not.

Mr. Callahan. So someone at OMB decided----

General Flowers. Sir, we need to correct. We did request the full capability.

Mr. Callahan. But the \$15 million was the number that you submitted.

General Flowers. Sir, we asked for the full capability, which was the \$30 million--more than that. Sorry. We asked for full capability. What was passed back to us initially was \$15 million, and then it was subsequently increased.

Mr. Callahan. And then without any request from you, suddenly someone at OMB says, ``Wait a minute here. I like this project, so we are going to ask, in a sense, another new start or more money for this start than what was there originally--'' I find that rather strange, but I find a lot of this strange.

The supplemental appropriation, which we got for you last year, included \$139 million for enhanced security at the Corps. Can your security requirements for this fiscal year be fully met with those funds during this fiscal year?

General Flowers. Sir, we will know better in April, when we complete the assessments. The \$139 million was based on an initial assessment that was done very quickly following the attacks and based on information that we already had available to us. But we already know that we are going to spend \$268 million, and we have done that to date in securing our facilities.

Mr. Vining. That is our current estimate of the requirements.

General Flowers. Current estimate for this fiscal year.

Mr. Callahan. So we gave you \$140 million, and you are going to spend \$268 million?

General Flowers. \$268 million, yes, sir.

Mr. Callahan. Does some of that come from FEMA or is this all of out of your funds?

General Flowers. It is all out of ours.

Mr. Vining. Sir, let me clarify. We have, which we had submitted as part of the Corps' recommended requirements for the DOD appropriation last year, the figure of \$268 million, of which we ended up getting \$139 million. We are updating that number, but right now, today, we do not have a better number than that \$268 million, so that is what we are going with.

The fiscal year 2002 appropriations bill, as enacted, specifically limits our use of O&M funds to meet security requirements to that \$139-million figure, and so, I mean, we are working within that context.

Mr. Callahan. Do you have a deficit this year----

General Griffin. Sir, not this year. The \$139 million will do us for this year. We will be able to reimburse the money we used initially to jump-start the program, using O&M dollars. We will be able to reimburse that. We will obligate, we expect, about the \$139 million this year.

Next year, in the budget right now is \$65 million, but that is only for guards and law enforcement. So we have another

amount of money, as the chief said, we will have better figures in April, once we know if the initial request of \$268 million was right or wrong, we will adjust that number, need we will request additional infrastructure protection money that we will require in 2003 and beyond sometime in the April-May time frame.

Mr. Callahan. Would you think that OMB then would send a supplemental request up here requesting more money? Where are you going to get the money? Where are we going to get it if we comply with their wishes?

General Griffin. Sir, that will be an issue. We will make the request.

General Flowers. The other funding issue, sir, with the security funds, and it was alluded to earlier, and that is on the MR&T project. We have a statutory requirement that we cannot use O&M funds on MR&T. Since the \$139 million that was given to us is O&M, we may need some authority help in being able to--or reprogramming help--to move some of that money to help our infrastructure on the lower Mississippi.

Mr. Callahan. How much money is included in the 2003 budget for security?

General Griffin. Sir, \$65 million right now, but that is again just for guards and law enforcement augmentation.

Mr. Callahan. So it is not sufficient to fulfill your total mission.

General Griffin. No, sir.

Mr. Callahan. And you would project a \$100 million minimum addition?

General Griffin. Sir, on my current estimate, I would project about \$120 million, as a minimum, that we will require in 2003 and beyond. We will have to look at how fast we--how much we would actually need in the 2003 time period to meet that program we have.

Mr. Callahan. I have some questions here somewhere about the power marketing administrations.

Oh, yes, the hydropower maintenance program. The amount requested for the Operation and Maintenance, General, includes \$149 million for operation and maintenance of your hydropower facilities. If the proposal is to have the PMA directly fund O&M, why are you requesting--if you have a proposal saying that PMA directly contribute to O&M, why are you requesting additional funds?

Mr. Parker. First of all, it is my understanding that these funds are already paid anyway at the end. Because of the----

General Flowers. But they are paid into the General Treasury, sir.

Mr. Parker. And not to us.

Mr. Callahan. Not to your O&M account.

Mr. Parker. And in order for us to stretch these limited dollars that we have got, since they are paying it anyway, we are basically asking that they paid to us up front so that we can utilize that on the maintenance because we are hurting.

Mr. Callahan. Does that need legislation to--you need legislation to change that?

General Flowers. Yes, sir.

Mr. Callahan. Would this, in any way, in your opinion, jeopardize or possibly create an increase in rates to the

ultimate end user if we did it this way? There would be no further charge to the customers of the PMA?

Mr. Parker. They are doing it in up-front money instead of at the end.

Mr. Callahan. So it is just the paperwork.

Mr. Parker. I think that is the case. Yes, sir, that is what I understand.

General Flowers. There would be, for the first year, the utilities would have to pay that money up front so that would be, if it is \$150 million, for example, they would be paying \$150 million at the beginning of the year versus at the end.

Mr. Callahan. Do you mean the customers would be paying at the beginning of the year instead of the end of the year?

General Flowers. The utility would.

Mr. Parker. The PMA itself would be paying that because they pass it on to the consumer.

Mr. Callahan. What do they pay now, monthly into the----

Mr. Parker. They pay at the end of the time period, from what I understand.

Mr. Callahan. The electrical companies pay at the end of the year for the services they received, and the proposal advocates that we are going to collect it in advance?

Mr. Parker. In advance.

Mr. Callahan. How do you know how much electricity they are going to use?

Mr. Parker. It is from an historical perspective, I understand. It is based on the Bonneville Power model because they do exactly the same thing, and we are using that same model because since they are doing it, we are using that same model on these other power marketing authorities.

General Flowers. We can program the maintenance that is required each year. In fact, we do that, sir, as we project forward. So that is the amount we would be talking about.

Mr. Parker. We are not talking about rehab. We are talking about maintenance.

Mr. Callahan. I guess one of those cartoons talks about we have met the enemy--well, we have met the enemy, and it is not us. It is not us in this room. I really do not think that the President of the United States is even aware of how serious this issue is and what his people at OMB have advocated in the budget request that they prepared for him.

I am going to make the unique request of the President that he meet with this Subcommittee and that this Subcommittee find out directly from the President the direction he wants us to take. If the President of the United States tells me that the suggested amount is the amount he wants, that is what you are going to get. But I do not think the President is going to say that because I do not think the President has been fully informed of what OMB has suggested, where they got their information or where they got their documents.

In any event, this Committee is not going to be the Committee that increases the deficit or contributes to an increased deficit. We faced this same problem last year when OMB, with the very brief tenure that they had to prepare the budget, hid behind the fact that they did not have enough time to really get into the needs of the Corps. They have had enough time. They have had enough input because of you all going

before them, because of Congressman Visclosky and I explaining it to them. They see the need, and 9/11 compounded the importance of that, and yet they still, because of reasons unknown, have chosen a different route.

Last year, we were faced with the same proposition, and we increased the appropriation. We did include earmarks, but only because the Senate did first, and we felt like we had to protect our own members in the House, on both sides of the aisle, to recognize the importance of their needs as well. But it was interesting to note that not one time during that process did the President indicate to me or anybody else that he was going to veto the bill. As a matter of fact, after we passed the bill, the President wrote me a letter and thanked me for the bill that we passed, and even sent me the pen that he signed the bill with.

So I really do not think the President is the one responsible for this, but we are going to assure the President and assure the American people that this Committee is not going to be the Committee that contributes to any higher levels of deficit spending. We are going to take the President's overall request, as I said earlier, and we are going to massage the innards of that request, we are going to stay within those levels, and we are going to try to come up with a funding level for the Corps that meets your resource needs.

I do not know how successful we will be, and I do not know what the President's response is going to be. I am not going to do that as a publicity gimmick. I am not going to try to embarrass the President. I am just going to ask for a private meeting for him to meet with the members of my Subcommittee to find out what his true wishes are. Is this really what he wants to do, or was this something that was concocted outside his limited time or ability to look at every nook and cranny of the Federal Government.

So I think the President will recognize that within his own administration, he has an ``axis of evil.'' [Laughter.]

And that ``axis of evil'' is OMB, and that he better address that. But I am optimistic that the President, who served as Governor of the State of Texas, who recognizes the needs for maintenance of the critical ports that are in Texas, the water needs of Texas, the power needs of Texas. He has had that experience, and he knows firsthand that this is an unrealistic request that OMB has cast upon him.

We are going to do everything, and I am sure Congressman Visclosky and I, along with the other members of our Committee, will be able to privately go to the President to assure him that we are going to do everything in our power to facilitate his every need, as the Chief Administrator and the Commander-in-Chief of our Army, to give him the resources he needs, within that scope of money that he has suggested that the Congress spend for the year 2003, but also to inform him that we want his support in going along with a redirection of some of the priorities that OMB has decided that they want to take.

So I appreciate your professionalism. I appreciate the courtesies all of you have extended to me. On behalf of the American people, I appreciate what all of you did after 9/11. I have had the opportunity to personally witness your operations and actions and see how rapidly you mustered your troops

together in a time of need of this country, and I see now that we are asking you to be in places like Kosovo, and probably we are going to be asking you to go to Afghanistan to create, in fact, you probably have already been in Afghanistan, some facilities for our military there in Guantanamo, all over the world. We cannot expect you all to do your job without proper tools no more than we can expect the Air Force to go into battle without a sufficient number of missiles or airplanes or the Navy without sufficient ships or submarines.

Your tools are just as vital towards the defense of this country, as well as the economic aspect that you mentioned, Mr. Secretary, as any other branch of the Service. We have got to educate some of your superiors in the Pentagon of the importance of them personally getting involved in this, and to get future Secretaries of Defense, as well as this one, to come to your side.

So I guess what we can say, and actually I did not do too well in Latin when I was at McGill Institute, but I did take some, and I guess the committee's response to you is to take from your motto, Essayons, ``We will try.'' We all have additional questions we will submit for the record.

Thank you, General.

Mr. Parker. Thank you, sir.

[Questions submitted for the record follow:]

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